

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

March 29, 2007

In Reply Refer To:  
North American Electric Reliability Corporation  
Docket No. RR06-3-002

North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540-5731

Attention: David N. Cook  
Vice President and General Council

Reference: Compliance Filing

Dear Mr. Cook:

1. On December 22, 2006, North American Electric Reliability Corporation (NERC) submitted a compliance filing (Compliance Filing) in response to the Commission's October 24, 2006 Order conditionally approving NERC's 2007 business plan and budget.<sup>1</sup> The October 24 Order required NERC to explain the organization and structure of its existing accounting and record keeping systems and indicate whether its current accounting practices and procedures comply with generally accepted accounting principles (GAAP).

2. In its Compliance Filing, NERC offered details indicating that its system of accounts and financial record keeping software, Sage MIP Fund Accounting Software, provide a level of detail and record keeping comparable to the Uniform System of Accounts. NERC included a copy of its current system of accounts. It also includes a management representation letter stating that NERC's financial records are in accordance

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<sup>1</sup> *North American Electric Reliability Corporation*, 117 FERC ¶ 61,091 (2006), *reh'g pending* (Budget Order).

with GAAP applicable within the United States and an unqualified opinion of its independent auditors for the years 2005 and 2004.

3. Public notice of the instant filing was issued on January 17, 2007, with interventions and protests due on January 29, 2007. No motions to intervene or adverse comments were filed.

4. The Commission finds that the Compliance Filing complies with the directives of the October 24, 2006 Order. We therefore accept the Compliance Filing.

5. The Commission reminds NERC that, consistent with paragraph 142 and Ordering Paragraph (E) of the Budget Order, NERC must submit its proposed system of accounts and record keeping requirements as part of its 2008 budget filing.<sup>2</sup> The Budget Order requires the proposed system of accounts contain a level of detail comparable to the Commission's Uniform System of Accounts and be sufficient to compare each Commission-approved Electric Reliability Organization (ERO) fiscal year budget with the actual results at the ERO and Regional Entity level.

By direction of the Commission. Commissioner Moeller not participating.

Philis J. Posey,  
Acting Secretary.

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<sup>2</sup> *Id.*